



ASX ANNOUNCEMENT, 31 January 2019

APPENDIX 4C

QUARTERLY CASH FLOW REPORT

HIGHLIGHTS

- **Increased customer cash receipts (\$1.75million) over the previous quarter (\$1.05million) and successful completion of capital raising activity.**
- **Circa \$7.5million of sales orders to prosecute and realise over the rest of the financial year, out of a qualified pipeline over \$20million.**
- **Vivid Technology expands its MATRIX product range to provide a broader market opportunity at varying price points, for intelligent and upgradeable lighting systems.**

Overview

Vivid Technology Limited (ASX: VIV) (Vivid Technology or the Company) attaches its Appendix 4C (quarterly cash flow report) for the quarter ended 31 December 2018.

The company closed the quarter with a net positive cash increase on the back of increased customer cash receipts over the previous quarter and the successful completion of capital raising activity. Operating cash inflows from customer receipts increased to \$1.745million in Q2, from \$1.052million in Q1. Net financing inflows for Q2 were \$1.78million from a successful capital raise, giving a positive net cash increase for the quarter of \$0.098million (Q1 \$0.444million). On a YTD basis, the company reported a net increase in cash position since 30 June 2018 of \$0.542million.

As previously noted, sales orders with large blue-chip customers are subject to timing impacts of internal customer approvals and operational windows. Consequently, booked sales orders valued at over \$4million were delayed last quarter by customers, with the direct line of sight of these orders now expected to be realised in the next quarter. An additional \$3.5million of direct line of site orders have also been successfully qualified for delivery in early 2H.

Combined, Vivid Technology has ~\$7.5million of sales orders to prosecute in the near term and realise over the rest of the financial year, out of a total qualified pipeline of potential sales orders over \$20million. This excludes any opportunities from a range of other activities currently being worked on both domestically and internationally. The company remains focused on building its ability to continue to successfully execute on its corporate strategy to profitably scale up the business.

Customer Activity

Since signing the agreement with Origin, traction is building around the sale of the company's MATRIXX systems under its "Lighting Flex" brand. The opportunity associated with this relationship is large and is fully supported by both Vivid Technology and Origin management. Weekly internal training is fine-tuning the selection of prospective customers which will look to bring forward delivery opportunities:

<https://www.originenergy.com.au/business/commercial-and-industrial/monitor/lightingsolution.html>

Vivid Technology continues to develop relationships with existing key customers. As an example, the company's preferred partner relationship with Coca-Cola Amatil (CCA) has yielded ongoing success and is expected to continue to grow as the companies work together to identify opportunities for lighting / technology upgrades across their portfolio both domestically and internationally.

Vivid Technology's continued success in the growing Aged Assisted Living market is reflected by the successfully won and installed energy efficient lighting upgrades across over 60 assisted living villages for multiple healthcare providers (listed and church based). The company is working with these customers for approval of further installations across another ~60 sites across Australia.

Global and International strategic partnerships continue to evolve, with feedback to Vivid Technology reaffirming the world-leading technology systems and platforms developed by the company. Vivid's world – leading technology provides significant opportunities for multi-national companies to differentiate themselves from their peers by installing Vivid Technology's systems as well as providing the opportunity to introduce Vivid Technology to their own global customer base.

New Customer and Market Segment Activity

Vivid Technology is also in the late stage of qualification of several projects in both a range of new markets and customers to win new orders.

Across the last quarter the company engaged in a range of discussions with partners in the growing and lucrative agricultural lighting market segment. The company's product range and lighting expertise is being leveraged to provide a compelling energy efficient and differentiated product fit for this new market segment.

The company is also in discussions with new distribution partners who have expressed interest in distributing a select range of the company's product nationally. This opportunity will allow the company to develop an adjacent revenue stream, independent of selling directly to customers which is less subject to timing of purchase decisions. The opportunity will also increase visibility of Vivid Technology product in the marketplace.

These opportunities are outside the current "immediate line of sight" and qualified pipeline sales opportunities referenced above.



International

Over the last quarter Vivid Technology was invited to present its capability at the Hong Kong International Airport, “Annual Smart Airport - Technovation Conference and Exhibition”. The exhibition was open to a select number of vendors who could demonstrate trends around the theme of this year’s conference the “Internet of Things”. Siemens, Hitachi, Microsoft, Amazon, Schneider, Honeywell, IBM were some of the other companies at the exhibition.

As a result, the company has engaged with a number of potential customers looking for world-leading technology and is currently quoting on various facilities, including aircraft hangar retrofits for major airports. These strong leads for sales across the region have a heavy focus on technology and Industry 4.0 solutions. In addition, the company was invited to engage in further discussions with a major retail group with over 14,500 retail stores worldwide.

During the quarter Vivid Technology was also selected as the only “Australian owned” company by a major global partner, to attend their international suppliers conference in Shanghai, providing the Company with the opportunity to showcase our technology to their global network of customers and suppliers. Vivid Technology was one of only 100 suppliers invited to attend, out of this company’s 3,000 suppliers in Asia, and again highlights global interest in the company’s innovative technology solutions.

Product Line Extension

Vivid Technology also continued to proactively work to understand and respond to changing customer requirements, working with them to ensure continued ongoing delivery of world leading, energy efficient technologies.

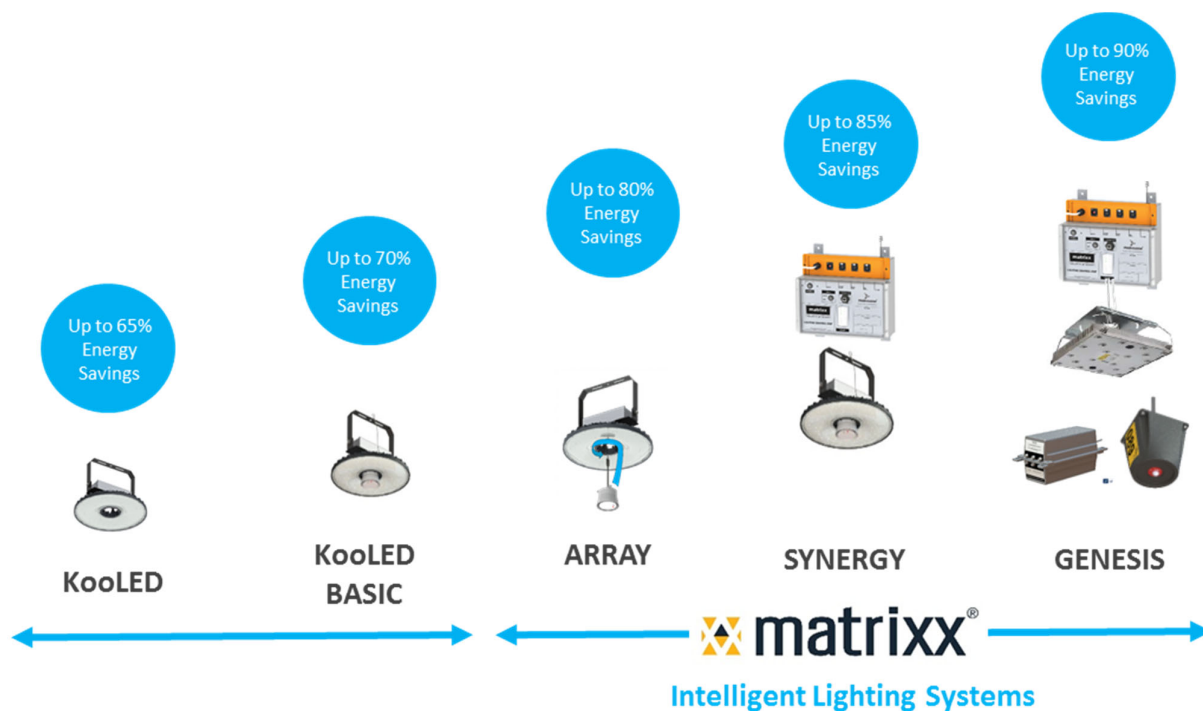
As part of continued feedback, the company has extended its MATRIX product family to allow it to reach a greater range of customers. Our current flagship MATRIX **Genesis** product is now supported by MATRIX **Array** and MATRIX **Synergy**, which provide access to the MATRIX ecosystem, however at lower price entry points. This now extends Vivid Technology’s product range to be available to a wider range of customer sites where our initial Genesis product offering was excess to their requirements, all the while providing a scalable and upgradeable path for the future as required.

In addition, the company also launched a new range of products aimed at the “One-for-One” replacement market. The new ‘**KoolLED**’ range provides a base entry solution compared with the company’s MATRIX **Genesis** intelligent lighting range, but continues to represent a “best in class” replacement product, leveraging Vivid Technology’s expertise in lighting design, all at a competitive price point. The KoolLED range also provides customers with an upgradeable retrofit path option, to an intelligent MATRIX **Array** or MATRIX **Synergy** platform if required at a later stage.

This extensive product development over the last quarter has equipped Vivid Technology with a greater range of compelling and cost competitive products, which now target a far larger share of current customer portfolios and requirements. Importantly, the quarter saw Vivid Technology sell both **Array** and **Synergy** systems to global blue-chip customers for parts of their portfolios that would historically not have been applicable to the **Genesis** model.



Product Line Extension: New Industrial Upgradeable Intelligent Product Range



New Melbourne Office

Over the quarter the company relocated its Melbourne Office from 500 Collins Street to a dedicated facility at Victoria Harbor Promenade in Docklands. The relocation has allowed the company to realise savings on both its office rental commitments, and communication infrastructure. These new corporate facilities now allow Vivid Technology to better professionally represent itself to current and future customers as the company grows to the next stage of its maturity.

This move resulted from a review of operations across the company as part of a larger plan to focus on cost reductions across the company as it enters the next stage of its business development and growth. The review included assessing the right size and skills and capability required going forward. These initiatives are being progressively implemented across the business.

NCF

Over the quarter, the company continued its focus on finalising a potential investment with Asian investors into NCF, in which Vivid has an effective 33.3% interest holding.

Initial Due Diligence has been completed by a new global conglomerate, based out of Asia, with interests across the steel and manufacturing sectors.

We look forward to providing updates during the next half on the commercialisation of NCF.



Management Commentary

Vivid Technology's MD, Samuel Marks noted *"Over the last quarter the team worked hard to launch our MATRIX product range with a number of new variants with differing price points and functionality to suit a greater range of customers and locations, increasing our market penetration."*

"While there was a delay in order fulfilment over the last quarter, this reflects the growth in the size of order value across our portfolio transactions / projects which requires multiple approvals within large blue-chip organisations, noting that no material current orders within the pipeline have been lost. To combat this 'lumpiness' our team is focused on broadening the pipeline and continuing to extend the reach to a greater market outside of Australia via dedicated channel partners."

"While the organisation continues to ensure we fulfil customer orders at the highest level of service, we have also successfully worked to acquire new customers in new and adjacent markets. This diversification will allow us to mitigate the effect of having large project-based orders in similar market segments."

"Continued genuine interest and acknowledgement of the company's technology and capability, across a range of customers, in differing market segments and geographies, continues to highlight the global opportunity that exists for Vivid Technology."

"I would like to thank the current and new shareholders for their support in the capital raising initiatives in the second quarter, and the Share Purchase Plan which is due to complete in February of 2019."

"The company will look forward to continue to update the market and shareholders on its progress."

– ENDS –



About Vivid Technology

Vivid Technology Limited is a multi-award winning, diversified, innovative Australian clean technology company that delivers intelligent energy efficiency solutions and carbon reduction through IoT and CO₂-to-fuel conversion technologies.

Vivid Technology has a range of patented clean tech solutions, including innovative and intelligent IoT Industry 4.0 MATRIX[®] lighting platform. Vivid's MATRIX[®] unique intelligent lighting control system combines a state of the art, human centric lighting system with unrivalled energy efficiency, reducing lighting energy costs by up to 90%. Delivering exceptionally high energy efficiency savings and carbon reductions, MATRIX[®] captures and converts smart data to provide site intelligence for industrial and infrastructure sectors. Vivid's technology is easily installed and provides businesses the infrastructure for an IoT and industry 4.0 future. Vivid Technology is full turn key solutions partner.

Vivid Technology Limited is a [B Corp](#)[™] certified and EcoVadis Silver Accredited company, which highlights the company's approach to driving business solutions with a strong corporate social responsibility.

Vivid Technology - www.vividtechnology.com.au

About Vivid Industrial

Vivid Industrial is a subsidiary of Vivid Technology, providing customised, intelligent and energy efficient cloud based solutions for industrial and infrastructure clients. The "internet of lights" and "cloud based monitoring" delivers quantifiable efficiencies and significant cost savings with environmentally sustainable benefits for businesses. Going beyond engineered design and installation, Vivid Industrial is a turnkey solutions business partner, offering solutions to suit custom lighting, cost and energy efficiency needs. Vivid Industrial is your complete intelligent lighting solutions partner with a base of blue chip, industrial companies.

Vivid Industrial - www.vividindustrial.com

About Vivid Ilumalite

Vivid Ilumalite specialising in creating highly effective, energy-saving and human centric LED lighting solutions, for commercial and government clients, that generate significant cost savings and reduce environmental impact. Ilumalite, has a reputation as a highly regarded and valued turnkey solutions partner delivering exceptional tailored lighting results.

Vivid Ilumalite - www.vividilumalite.com

About NewCO2Fuels

NewCO2Fuels is a subsidiary of Vivid Technology. NewCO2Fuels' cutting-edge technology profitably converts CO₂ into multi-purpose fuels (Diesel, Methanol or Hydrogen) and Oxygen.

NewCO2Fuels – www.newco2fuels.co.il



For Further Information Contact

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Media Toolkit

Free to use company images, photos and logos for articles and publications
[Vivid Technology Media Toolkit](#)



Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

VIVID TECHNOLOGY LIMITED

ABN

60 120 710 625

Quarter ended ("current quarter")

31 December 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,745	2797
1.2 Payments for		
(a) research and development	(72)	(105)
(b) product manufacturing and operating costs	(1,940)	(3,319)
(c) advertising and marketing	(6)	(11)
(d) leased assets	-	-
(e) staff costs	(926)	(1,986)
(f) administration and corporate costs	(380)	(739)
1.3 Dividends received (see note 3)		
1.4 Interest received	-	1
1.5 Interest and other costs of finance paid	(2)	(12)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,581)	(3,374)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(46)	(49)
(b) businesses (see item 10)	-	-
(c) investments	-	(54)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
(d) intellectual property	-	-
(e) other non-current assets	(55)	(55)
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	54
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(101)	(104)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	1,846	1,846
3.2 Proceeds from issue of convertible notes	50	2800
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	(80)	(80)
3.5 Proceeds from borrowings	-	152
3.6 Repayment of borrowings	(36)	(698)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	1,780	4,020

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	1,048	604
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,581)	(3,374)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(101)	(104)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	1,780	4,020

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	1,146	1,146

Note: As at 31 December 2018, \$0.165million in cash balances related to proceeds from the equity placement completed in late December 2018 directly related to the Directors of the Company. The proceeds received from the Directors were held in trust by the Company until such time as the shareholders approved the issue of the shares at the General Meeting of shareholders held on 24 January 2019.

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,146	1,048
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,146	1,048

6. Payments to directors of the entity and their associates

- | | Current quarter
\$A'000 |
|-----|------------------------------------|
| 6.1 | 125 |
| 6.2 | - |
| 6.3 | |

Directors' salaries (executive) \$65,046
Directors' fees (non-executive) \$60,096

7. Payments to related entities of the entity and their associates

- | | Current quarter
\$A'000 |
|-----|------------------------------------|
| 7.1 | - |
| 7.2 | - |
| 7.3 | |

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	2,800	2,800
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

During the quarter ended 30 September 2018, Vivid Technology announced that it completed the execution of two tranches of convertible loans to current shareholders (sophisticated lenders). Total commitments under the two successfully completed convertible loan transactions was \$2.8m with \$2.75m being drawdown as at 30 September with the balance of \$0.05m received in early October.

Tranche 1:

Lender	Evercharge Pty Ltd
Borrower	Vivid Technology Limited
Purpose	To fund the Company's working capital requirements, Lighting-as-a-Service products and to repay the Moneytech facility.
Drawdown Amount	The loan amount is \$1,500,000.
Drawdown Cap	The Commitment Amount is capped at an amount equal to 75% of the sum of receivables plus relevant inventory
Repayment Date	31 July 2020
Conversion	The Lender may convert the Loan into Shares (in whole or in part) at anytime prior to the Repayment Date.
Conversion Price	The conversion price is the lesser of: (a) \$0.125; or (b) the greater of: (i) the volume weighted average price (VWAP) of Shares over a period of twenty (20) days prior to and including the conversion date less a discount of 15% and rounded to the nearest 1/10th of a cent; or (ii) the floor price of \$0.05
Facility Fee	1 % per annum of the undrawn Commitment Amount.
Interest Rate	10% per annum
Security	The Company and each Guarantor have entered into a general security deed on customary terms to grant a security interest in favour of the Lender over their undertakings and assets.

Tranche 2:

Lenders	Various Sophisticated Investors
Borrower	Vivid Technology Limited
Purpose	To fund the Company's working capital requirements.
Drawdown Amount	The loan amount is \$1,300,000.
Repayment Date	24 months from the date of drawdown.
Conversion	The Lenders may convert the Loan into Shares (in whole or in part) at anytime prior to the Repayment Date.
Conversion Price	Conversion price is the lesser of: (a) \$0.125; or (b) the greater of: (i) the VWAP over a period of twenty (20) days prior to and including the conversion date less a discount of 15% and rounded to the nearest 1/10th of a cent; or (ii) the floor price of \$0.05

Interest Rate	11.00% per annum.
Security	The loan is unsecured.

The new funding arrangement enabled the company to fully repay the Moneytech trade finance facility during the period. The total amount paid out to settle the Moneytech facility was \$0.5m.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	48
9.2 Product manufacturing and operating costs	1,073
9.3 Advertising and marketing	6
9.4 Leased assets	-
9.5 Staff costs	1,055
9.6 Administration and corporate costs	258
9.7 Other (provide details if material)	166
9.8 Total estimated cash outflows	2,606

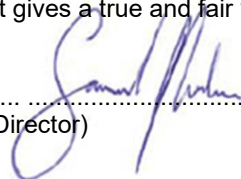
* The company is an operating business that generates cash inflows each quarter, including receipts from customers. Estimated cash outflows are based on certain assumptions including the level of estimated inflows. The above summary of estimated cash outflows does not reflect the anticipated net cash flows for the following quarter, as it excludes cash inflows (such as receipts from customers).

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	Not applicable	Not applicable
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:
(Director)



Date: 31 January 2019

Print name: Samuel Marks

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.